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TAGS: <u>ENRG EPET SENV KPAO DR</u> SUBJECT: LIQUID PROPANE GAS TANKER RUNS AGROUND: THREAT OF GAS SPILL/EXPLOSION REAL BUT MINIMAL

Summary: A liquid propane gas (LPG) tanker ran aground on October 29 off the coast of San Pedro de Macoris. A U.S. Coast Guard technical team is on-board and assessing the condition of the tanker and has preliminarily determined that the risk of a gas leak or explosion is minimal. The Dominican government, while slow to respond immediately, has convened its emergency action team; all relevant government ministries are on-site with the USCG manning a situation control center. End Summary.

A Liberian flagged LPG tanker, the MV SCF Tomsk, ran aground on Monday morning at 3:00 am after breaking away from its moorings in high winds and heavy seas caused by Tropical Storm Noel. The tanker, stuck on a reef approximately 100 yards off the coast approximately 10 miles west of the eastern city of San Pedro de Macoris (SPM), is holding roughly 50,000 barrels, or 2 million gallons, of LPG and butane. There have been conflicting messages about the likelihood of a gas spill/leak, which has caused tremendous concern among the local popultation of SPM, but an initial assessment by a U.S. Coast Guard technical team dispatched on October 29, in collaboration with the company awarded the salvage contract, assesses the risk of an immediate explosion or gas release as unlikely.

The tanker, which is a new construction, reportedly meets the International Maritime Organization's standards for new tanker construction with outer and interior hulls to avoid leaks/spills. There are, however, a number of risk factors that will require attention in the coming days. The tanker's outer hull has been breached on the port side and is taking on water. The water is too shallow for the ship to sink; however, eight foot sea swells from Tropical Storm Noel continue to pound the tanker as it lists at a 5 degree tilt, raising the risk of additional structural damage to the ship. If there is, in fact, damage to the ship's inner hull, which is unlikely according to the initial USCG assessment, and the LPG leaks, there would be a risk of explosion as the liquid converts to gas and cracks the inner hull of the ship. At this point, however, the primary concern is the ability of the ship to maintain is electricity generators running, which are required to maintain the fuel in its liquid form. If the electricity goes out the inner hull of the ship can maintain the necessary temperature to keep the fuel in liquid form for up to two days. After that it must begin to release the gas into the air to relieve the pressure on the inner hull or risk an explosion.

Although slow to react, the Dominican government is now on site and coordinating a multi-agency response to the situation. The current response plan, once the assessment is complete, is to utilize tugs to remove the ship from the reef; as long as the inner hull is not breached, the ship will be able to sail under its own power. The Dominican government is reportedly considering an evacuation of the local population if the conditions deteriorate or if a controlled gas release becomes necessary. Since the outer

hull breaches are merely ballast tanks, the ship should be able to continue under its own navigation if it is successfully extricated from the reef. A press conference is scheduled for 5 p.m. local time to allay concerns that have made it into the press that the risk of a disaster is high. The Consular Section is preparing a warden message (to clear through OCS) for the nearly 3,000 American citizens living in SPM advising them to pay close attention to local media outlets and monitor the situation carefully. No warnings have been approved yet for the official Embassy community.

The tanker's cargo was intended for LPG terminals in both SPM and Haina, which is just west of Santo Domingo. According to the owner of the local LPG terminal and storage/distribution facility (Coastal Dominicana), Arturo Santana, the tanker had completed its delivery of LPG to SPM by Sunday the 28th and had been waiting, attached to its moorings, for Tropical Storm Noel to pass before continuing on to Haina. According to multiple reports, the ship broke free of its moorings and ran aground in high sea swells and heavy winds. Arturo Santana told ECONOFF that there is "absolutely no risk" of a leak or explosion. However, the U.S. Coast Guard's assessment team has not yet made its final determination as it is still conducting its structural assessment of the ship.

The tanker is owned, according to multiple sources, by Geogas, a Switzerland-based company that is one of the world's major LPG shipping companies, and is operated by a London-based company, Nobo Shipping. Geogas also holds a 15 percent stake in the local LPG storage and distribution facility, which is owned primarily by Coastal Petroleo Dominicana, also known as Propagas. Captain Westin, the local insurance underwriter's representative of Lloyd's of London who insures the ship, told ECONOFF he is not yet 100

percent sure of the ownership and operator details, although he confirmed that his information matches the information above. However, the SCF Tomsk is not listed in Geogas' fleet listing on its website and an internet search (www.coltoncompany.com - The World Fleet of Fully Refrigerated LPG Carriers) listed its owner as a Russian company, Sovcomflot, which appears to be the full name for the acronym SCF. This confusion could be explained if Geogas is merely leasing the vessel from the Russian company, but this assumption has not been confirmed. The website listed its last update as May 11, 2007. According to both Captain Westin and the USCG, the captain of the tanker is Russian and there are 23 crew (mixed European and Dominican) aboard along with four local company representatives.